## PAPER – 7: INFORMATION TECHNOLOGY AND STRATEGIC MANAGEMENT

## SECTION – A: INFORMATION TECHNOLOGY

*Question No. **1** is compulsory*

*Answer any **three** questions from the rest.*

**Question 1**

*(a) Discuss the components of Mobile Computing.* ***(3 Marks)***

*(b) List any four objectives of Business Process Automation.* ***(2 Marks)***

**Answer**

**(a)** The components of Mobile Computing are as follows:

- **Mobile Communication:** Mobile Communication refers to the infrastructure put in place to ensure that seamless and reliable communication goes on. These would include devices such as protocols, services, bandwidth, and portals necessary to facilitate and support the stated services. The data format is also defined at this stage. The signals are carried over the air to intended devices that are capable of receiving and sending similar kinds of signals. It will incorporate all aspects of wireless communication.
- **Mobile Hardware:** Mobile Hardware includes mobile devices or device components that receive or access the service of mobility. They would range from Portable laptops, Smartphones, Tablet PCs to Personal Digital Assistants. These devices will have receptors and are configured to operate in full- duplex, whereby they are capable of sending and receiving signals at the same time.
- **Mobile Software:** Mobile Software is the actual program that runs on the mobile hardware. It deals with the characteristics and requirements of mobile applications. This is the engine of that mobile device. In other terms, it is an operating system of that appliance. It is an essential component that makes the mobile device operates.

**(b)** The objectives of Business Process Automation are as follows:

- Confidentiality
- Integrity
- Availability
- Timeliness

**Question 2**

*(a) Bharat bank has headquarters in Delhi and branches all over India. The bank is implementing a Client-Server based technology for connecting their offices through the network. In this context, explain the prominent characteristics of Client-Server Architecture.* ***(6 Marks)***

*(b) Business Processes Re-engineering (BPR) implies not just change but dramatic change in the way a business functions. However, there are some key factors for BPR projects to succeed. Explain briefly any four factors for BPR success.* ***(4 Marks)***

**Answer**

**(a)** The prominent characteristics of Client-Server Architecture are as follows:

- **Service:** Client-Server provides a clean separation of function based on the idea of service. The server process is a provider of services, and the client is a consumer of services.
- **Shared Resources:** A server can service many clients at the same time and regulate their access to the shared resources.
- **Transparency of Location:** Client-Server software usually masks the location of the server from the clients by redirecting the service calls when needed.
- **Mix-and-Match:** The ideal Client-Server software is independent of hardware or Operating System software platforms.
- **Scalability:** In a Client-Server environment, client workstations can either be added or removed and the server load can be distributed across multiple servers.
- **Integrity:** The server code and server data are centrally managed, which results in cheaper maintenance and the guarding of shared data integrity. At the same time, the clients remain personal and independent.

**(b)** The factors for Business Process Re-engineering (BPR) success are as follows:

- **Organization wide commitment:** Changes to business processes would have a direct impact on processes, organizational structures, work culture, information flows, infrastructure and technologies and job competencies. This requires strong leadership, support, and sponsorship from the top management. Top management not only has to recognize the need for change but also has to convince every affected group about the potential benefits of the change to the organization as a whole and secure their commitment.
- **BPR team composition:** A BPR team is formed which would be responsible to take the BPR project forward and make key decisions and recommendations. The BPR team would include active representatives from top management, business process owners, technical experts, and users. The teams must be kept of manageable size (say 10 members) to ensure well-coordinated, effective, and efficient completion of the entire BPR process.
- **Business needs analysis:** It is important to identify exactly what current processes need reengineering. This would help determine the strategy and goals for BPR. A series of sessions are held with the process owners and stakeholders and all the ideas would be evaluated to outline and conceptualize the desired business process.

The outcome of this analysis would be BPR project plan – identifying specific problem areas, setting goals, and relating them to key business objectives. This alignment of the BPR strategy with the enterprise strategy is one of the most important aspects.

- **Adequate IT infrastructure:** Adequate investment in IT infrastructure in line is of vital importance to successful BPR implementation. An IT infrastructure is a set of hardware, software, networks, facilities, etc. (including all of the information technology), in order to develop, test, deliver, monitor, control or support IT services. Effective alignment of IT infrastructure to BPR strategy would determine the success of BPR efforts.
- **Effective change management:** BPR involves changes in people behavior and culture, processes, and technologies. Hence, resistance would be a natural consequence which needs to be dealt with effectively. An effective change management process would consider the current culture to foster a change in the prevailing beliefs, attitudes, and behaviors effectively. The success of BPR depends on how effectively management conveys the need for change to the people.
- **Ongoing continuous improvement:** BPR is an ongoing process hence innovation and continuous improvement are key to the successful implementation of BPR.

**Question 3**

*(a) XYZ Ltd. wants to automate its manual functions and has appointed you to explain the process of building Information Systems. In this context, please define Systems Development Life (SDLC) and briefly explain various phases of SDLC.* ***(6 Marks)***

*(b) Credit Card transaction is a popular payment mechanism in E-Commerce. Explain how a Credit Card is processed.* ***(4 Marks)***

**Answer**

**(a)** Systems Development Life Cycle is a methodology use to describe the process of building information systems. It is the logical starting point in the entire life cycle of a computerized system wherein activities start when any enterprise decides to go for computerization or migrate from existing computerized system to a new one. SDLC framework provides a sequence of activities for system designers and developers to follow in which each phase of the SDLC uses the results of the previous one.

The various Phases of System Development Life Cycle (SDLC) are as follows:

**Phase 1 - System Investigation:** This phase examines that 'what is the problem and is it worth solving?' The feasibility study is performed under the following dimensions:

- **Technical feasibility:** Does the technology exist to implement the proposed system or is it a practical proposition?
- **Economic feasibility:** Is proposed system cost-effective - if benefits do not outweigh costs, it's not worth going ahead?

- **Legal feasibility:** Is there any conflict between the proposed system and legal requirements?
- **Operational feasibility:** Are the current work practices and procedures adequate to support the new system?
- **Schedule feasibility:** How long will the system take to develop, or can it be done in a desired timeframe?

**Phase 2 - System Analysis:** This phase examines that 'What must the Information System do to solve the problem'? System analysts gather the details about the current system and will involve:

- **Interviewing staff** at different levels from end-users to senior management.
- **Examine current business** systems documents and output including current order documents, computer system procedures and reports used by operations and senior management.
- **Sending out questionnaires** have to be carefully constructed to elicit unambiguous answer.
- **Observation of current procedures** by spending time in various departments. A time and motion study can show where procedures could be more efficient or to detect bottlenecks.

**Phase 3 - System Designing:** This phase examines that 'How will the Information System do that it must do to obtain the solution to the problem'? This phase specifies the technical aspects of a proposed system in terms of:

- **Hardware platform:** Computer, network capabilities, input, storage and output devices;
- **Software:** Programming language, package and database;
- **Outputs:** Report layouts and screen designs;
- **Inputs:** Documents, screen layouts and validation procedures;
- **User interface:** How users will interact with the computer system;
- **Modular design:** Of each program in the application;
- **Test plan:** Develop test data;
- **Conversion plan:** How the new system is to be implemented; and
- **Documentation:** Including systems and operations documentation. Later, a user manual will be produced.

**Phase 4 - System Implementation:** This phase examines that 'How will the Solution be put into effect'? This phase involves the following steps:

- Coding and testing of the system;

- Acquisition of hardware and software; and
- Either installation of the new system or conversion of the old system to the new one.

**Phase 5 - System Maintenance and Review:** This phase evaluates results of solution and modifies the system to meet the changing needs. Post implementation review would be done to address:

- Programming amendments,
- Adjustment of clerical procedures,
- Modification of Reports, and
- Request for new programs.

**(b)** The Credit Card processing involves following sequence of steps:

- **Step 1 - Authorization:** This is the first step in processing a credit card. After a merchant swipes the card, the data is submitted to merchant's bank, called an acquirer, to request authorization for the sale. The acquirer then routes the request to the card issuing bank, where it is authorized or denied, and the merchant is allowed to process the sale.
- **Step 2 - Batching:** This is the second step in processing a credit card. At the end of a day, the merchant reviews all the day's sales to ensure they were authorized and signed by the cardholder. It then transmits all the sales at once, called a batch, to the acquirer to receive payment.
- **Step 3 - Clearing:** This is the third step in processing a credit card. After the acquirer receives the batch, it sends it through the card network, where each sale is routed to the appropriate issuing bank. The issuing bank then subtracts its interchange fees, which are shared with the card network, and transfers the remaining amount through the network back to the acquirer.
- **Step 4 - Funding:** This is the fourth and final step in processing a credit card. After receiving payment from the issuer minus interchange fees, the acquirer subtracts its discount fee and sends the remainder to the merchant. The merchant is now paid for the transaction, and the cardholder is billed.

**Question 4**

*(a) Information Security Administrators are responsible for ensuring that Information System assets are secure. As an auditor, you must understand the threats and controls needed to secure Information systems. Explain any six threats to the security of Information systems and the control measures required to address them.* ***(6 Marks)***

*(b) Executive Information System (EIS) is used by executives to access and administer the data they need to make informed business decisions. Explain various components of EIS.*

***(4 Marks)***

**Answer**

**(a)** The threats to the security of Information System may be defined as a possible danger like Fire, Water, energy variations, pollution etc. that disrupts its operation, functioning, integrity, or its availability. Major threats and the control measures required to address them are provided below:

| Threat | Control measure |
|---|---|
| **Fire** | Well-designed, reliable fire-protection systems must be implemented. |
| **Water** | Facilities must be designed and sited to mitigate losses from water damage. |
| **Energy Variations** | Voltage regulators, circuit breakers, and uninterruptible power supplies can be used. |
| **Structural Damage** | Facilities must be designed to withstand structural damage. |
| **Pollution** | Regular cleaning of facilities and equipment should occur. |
| **Unauthorized Intrusion** | Physical access controls can be used. |
| **Viruses and Worms** | Controls to prevent use of virus-infected programs and to close security loopholes that allow worms to propagate. |
| **Misuse of software, data, and services** | Code of conduct to govern the actions of information systems employees. |
| **Hackers** | Strong logical access controls to mitigate losses from the activities of hackers. |

**(b)** The components of Executive Information System (EIS) are as follows:

- **Hardware:** This includes Input data-entry devices, CPU, Data Storage files and Output Devices.
- **Software:** This includes Text base software, Database, and Graphic types such as time series charts, scatter diagrams, maps, motion graphics, sequence charts, and comparison-oriented graphs (i.e., bar charts) Model base.
- **User Interface:** This includes hardware (physical) and software (logical) components by which people (users) interact with a machine. Several types of interfaces can be available to the EIS structure such as scheduled reports, questions/answers, menu driven, command language, natural language, and input/output.
- **Telecommunication:** This involves transmitting data from one place to another in a reliable networked system.

**Question 5**

*(a) Documentation of an Accounting Information System (AIS) may include flowcharts, narratives and other written communication that describe inputs, processing and outputs of an AIS. It is important for any accountant to understand them. Explain any six reasons why documentation is important to Information Systems.* ***(6 Marks)***

*(b) Briefly explain any two advantages of Three-tier Telecommunication architecture.* ***(2 Marks)***

*(c) Write a short note on Virtual Private Network.* ***(2 Marks)***

***OR***

*Write a short note on Intranet.* ***(2 Marks)***

**Answer**

**(a)** Some of the reasons why documentation is important to Information Systems are as follows:

- **Depicting how the system works:** In computerized systems, the processing is electronic and invisible. Therefore, documentation is required to help employees understand how a system works, assist accountants in designing controls for it, demonstrates to managers that it will meet their information needs, and assists auditors in understanding the systems that they test and evaluate.
- **Training users:** Documentation also includes user guides, manuals, and similar operating instructions that help people learn how an Information System operates. These documentation aids help train users to operate Information Systems' hardware and software, solve operational problems, and perform their jobs better.
- **Designing new systems:** Documentation helps system designers develop new systems in much the same way that blueprints help architects design building, Well-written documentation and related graphical systems-design methodologies play key roles in reducing system failures and decreasing the time spent correcting emergency errors.
- **Controlling system development and maintenance costs:** Personal computer applications typically employ prewritten, off-the-shelf software that is relatively reliable and inexpensive. Good documentation helps system designers develop object-oriented software, which is software that contains modular, reusable code that further avoid writing duplicate programs and facilitate changes when programs must be modified later.
- **Standardizing communications with others:** Documentation aids such as E-R Diagrams, System Flowcharts, and Data Flow Diagrams are more standardized tools, and they are more likely to be interpreted the same way by all parties viewing them. Thus, documentation tools are important because they help describe an existing or

proposed system in a common language and help users communicate with one another about these systems.

- **Auditing Information Systems:** Documentation helps depict audit trails. For example-while investigation of Accounting Information system, the auditors typically focus on internal controls. In such circumstances, documentation helps auditors determine the strengths and weaknesses of a system's controls and therefore the scope and complexity of the audit.
- **Documenting business processes:** Understanding business processes can lead to better systems and better decision. Documentation helps managers better understand how their businesses operate what controls are involved or missing from critical organizational activities, and how to improve core business activities.

**(b)** The advantages of Three-Tier Telecommunication architecture are as follows:

- **Clear separation of user-interface-control and data presentation from application-logic:** Through this separation, more clients can have access to a wide variety of server applications. The two main advantages for client applications are quicker development through the reuse of pre-built business-logic components and a shorter test phase.
- **Dynamic load balancing:** If bottlenecks in terms of performance occur, the server process can be moved to other servers at runtime.
- **Change management:** It is easy and faster to exchange a component on the server than to furnish numerous Personal Computers (PCs) with new program versions.

**(b) Virtual Private Networks (VPN)**

- A Virtual Private Network (VPN) is a private network that uses a public network such as the Internet to provide secure access to organization's private network.
- A key feature of a VPN is its ability to work over both private networks as well as public networks like the Internet. Using a method called tunnelling, a VPN uses the same hardware infrastructure as existing Internet or Intranet links.
- Many organizations use VPNs to establish secure intranets and extranets. The VPN uses virtual connections routed through the Internet from the business's private network to the remote site or employee. By using a VPN, businesses ensure security – anyone intercepting the encrypted data can't read it.
- VPN is a secure network that uses the Internet as its main backbone network but relies on the firewalls and other security features of the Internet and Intranet connections and those of participating organizations.

**OR**

**Intranet**

- An Intranet is a company's private network accessible only to the employees of that company. The intranet uses the common standards and protocols of the Internet.
- An Intranet is a network inside an organization that uses Internet technologies such as web browsers and servers, TCP/IP network protocols, HTML hypermedia document publishing and databases, and so on, to provide an Internet-like environment within the enterprise for information sharing, communications, collaboration, and the support of business processes.
- The purpose of an Intranet is to distribute data or information to employees, to make shared data or files available, and to manage projects within the company.
- An Intranet is protected by security measures such as passwords, encryption, and firewalls, and thus can be accessed by authorized users through the Internet. A Company's Intranet can also be accessed through the Intranets of customers, suppliers, and other business partners via extranet links.

## SECTION –B: STRATEGIC MANAGEMENT

*Question No. **6** is compulsory*

*Answer any **four** questions from the rest.*

**Question 6**

*Sanatan is owner of a popular Indian sweets, namkeen, snacks and restaurant company. He exercised authority and explicit system of reward and punishment on his employees and had grown at a slow pace over the years. The employees obeyed his instructions. Soham, son of Sanatan, aspired to expand his business. But due to lockdown during COVID-19 pandemic, the company lost its sales. Post lockdown, the buyers stayed away from the shop and restaurant faced staff crunch. Soham restructures the business and seeks innovation, involvement and commitment from employees. He adds products likely ready to eat foods. He also makes all the products available at confectionaries, bakery shops and food delivering applications and services. To cope up with the current scenario, he generates enthusiasm among the employees and inspires them to deliver their best.*

*(i) Identify the leadership styles of Sanatan and Soham.*

*(ii) Distinguish between the two styles.*

*(iii) In reference to the case, which style is better and why?* ***(5 Marks)***

**Answer**

(i) Sanatan adopted transactional leadership style, while Soham adopted transformational leadership style.

(ii) Differences between transformational and transactional leadership styles are:

| Basis | Transformational Leadership Style | Transactional Leadership Style |
|---|---|---|
| Definition | Transformational leadership style uses **charisma and enthusiasm** to inspire people to exert them for the good of organization. | Transactional leadership style uses the **authority** of its office to exchange rewards such as pay, status symbols etc. |
| Appropriateness | Transformational leadership style may be **appropriate in turbulent environment**, in industries at the very start or end of their life-cycles, **in poorly performing organizations** when there is a need to inspire a company to embrace major changes. | Transactional leadership style can be **appropriate in settled and static environment, in growing or mature industries** and **in originations that are performing well.** |

| | | |
|---|---|---|
| Tools of leadership | Transformational leaders inspire employees by offering excitement, vision, intellectual stimulation and personal satisfaction. | Transactional leaders prefer a more formalized approach to motivation, setting clear goals with explicit rewards or penalties for achievement and non-achievement. Transactional leaders focus mainly to build on existing culture and enhance current practices. |

(iii) In reference to the case, the Transformational Leadership Style is better because this leadership style inspires employees to give their best to the organization especially during turbulent times and help the organization to transform for its better performance.

**Question 7**

*(a) "Enterprises pursue multiple objectives rather than a single objective". In light of the above statement elaborate important objectives of a business.* ***(5 Marks)***

*(b) ABC Ltd. intends to grow its business. Its top management argues that its 'Corporate Strategy' will ensure the growth of the firm. Do you agree with the top management's argument? Give reasons.* ***(5 Marks)***

**Answer**

**(a)** The statement is correct. Enterprises pursue multiple objectives rather than a single objective. The enterprises generally identify a set of business objectives. These multiple objectives may be namely, profitability, productive efficiency, growth, technological dynamism, stability, self-reliance, survival, competitive strength, customer service, financial solvency, product quality, diversification, employee satisfaction and welfare. Enterprises seek to balance these multiple objectives in an appropriate manner as per their business circumstances.

In light of the statement, the important objectives of a business are as follows:

- **Survival:** Survival is a basic, implicit objective of most organizations. It gains more value and prominence during the initial stage of the establishment of the enterprise and during general economic adversity.
- **Stability:** It is a cautious, conservative objective. It is a least expensive and risky objective in terms of managerial time and talent and other resources.
- **Growth:** This is a promising and popular objective which is equated with dynamism, vigour, promise and success. Growth may take the enterprise along relatively unknown and risky paths, full of promises and pitfalls.

- **Efficiency:** Efficiency is very useful operational objective. Business enterprise seek efficiency in rationally choosing appropriate means to achieve their goals, doing things in the best possible manner and utilizing resources in a most suitable combination to get highest productivity.
- **Profitability:** It is generally asserted that private enterprises are primarily motivated by the objective of profit. They are operated on behalf of and for the benefit of the owners who have assumed the business risk of investing their funds.

**(b)** **Yes,** agreeing with the top management's argument. Corporate strategy is basically the growth design of the firm; it spells out the growth objective- the direction, pace and timing of the firm's growth. It also spells out the strategy for achieving the growth. Corporate strategy ensures the growth of the firm because of the following arguments:

- **It ensures the correct alignment of the firm with its environment.** It also serves as the design for filling the strategic planning gap.
- **It gives importance to combination, sequence, timing, direction and depth of various moves and action initiatives taken by managers** to handle environmental uncertainties and complexities.
- **It helps build the relevant competitive advantages for the firm**. Masterminding and working out the right fit between the firm and its external environment.
- **It is to harness the opportunities available in the environment, countering the threats embedded therein.**

**Question 8**

*(a) Give the meaning of "Strategic Planning". 'The flow of planning can be from corporate to divisional level or vice-versa'. Elaborate the statement.* ***(5 Marks)***

*(b) You are Research and Development manager of Sun Ltd. You are assigned the responsibility of technology enhancement. You have to take a decision either to acquire R & D expertise from external firms or develop R & D expertise internally. Do you need guidelines to help you take decision? Validate your answer.* ***(5 Marks)***

**Answer**

**(a)** **Meaning of strategic planning**: It is a process of determining organizational strategy. It gives directions to the organization and involves making decisions and allocating resources to pursue the strategy. It is the formal blue print of future course of an organization. Strategic planning deals with one or more of three key questions:

- What are we doing?
- For whom do we do it?
- How to improve and excel?

The flow of planning can be from corporate to divisional level or vice-versa. There are two approaches for strategic planning based on flow- top down or bottom up.

- **Top down strategic planning is from corporate to divisional level.** Top down strategic planning describes a centralized approach to strategy formulation in which the corporate Centre or head office determines mission, strategic intent, objectives and strategies for the organization as a whole and for all parts. Unit managers are seen as implementers or pre-specified corporate strategies.
- **Bottom up Strategic planning is from divisional to corporate level.** It is the characteristic of autonomous or semi-autonomous divisions or subsidiary companies in which the corporate centre does not conceptualize its strategic role as being directly responsible for determining the mission, objectives, or strategies of its operational activities. It may prefer to act as a catalyst and facilitator, keeping things reasonably simple and confining itself to perspective and broader strategic intent.

**(b)** **Yes**, there is always need of guidelines which help in taking correct and appropriate decision to acquire internal and external R&D expertise.

The following guidelines can be used to help in making this decision:

- **If the rate of technical progress is slow**, **the rate of market growth is moderate**, and there are significant barriers to possible new entrants, then in-house R&D is the preferred solution. The reason is that R&D, if successful, will result in a temporary product or process monopoly that the company can exploit.
- **If technology is changing rapidly and the market is growing slowly**, then a major effort in R&D may be very risky, because it may lead to the development of an ultimately obsolete technology or one for which there is no market.
- **If the technology is changing slowly but the market is growing quickly**, there generally is not enough time for in-house development. The prescribed approach is to obtain R&D expertise on an exclusive or nonexclusive basis from an outside firm.
- **If both technical progress and market growth are fast**, R&D expertise should be obtained through acquisition of a well-established firm in the industry.

**Question 9**

*(a) Give the meaning of Strategic Human Resource management. State the key Human Resource Management practices on which strategic focus should be given to achieve competitive advantage.* ***(5 Marks)***

*(b) Discuss in brief the matrix structure. Stage the conditions and purposes of the organization to adopt the matrix structure.* ***(5 Marks)***

**Answer**

**(a)** Strategic Human Resource Management may be defined as **the linking of human resource management with strategic goals and objectives** to improve business performance and develop organizational culture that fosters innovation and flexibility. The success of an organization depends on its human resources. This means how they are acquired, developed, motivated and retained in the organization – plays an important role in organizational success. This presupposes an integrated approach towards human resource functions and overall business functions of an organization.

The key Human Resource Management practices on which strategic focus should be given to achieve competitive advantage are:

- Pre-selection practices including human resource planning and job analysis.
- Selection practices meant to staff various positions in the organization. Both recruitment and selection policies and procedures should be designed keeping in view the mission and the purpose of the organization.
- Post-selection practices to maintain and improve the workers job performance levels. Human Resources decisions related to training and development, performance appraisal, compensation and motivation should be based on corporate strategy of the organization.

**(b)** **Matrix structure:** The matrix structure is the most complex organizational structure for all designs. In this structure **functional and product forms are combined simultaneously at the same level** of the organization.

Employees have **two superiors**, a product or project manager and a functional manager. The "home" department- that is engineering, manufacturing, or sales- is usually functional and is reasonably permanent.

People from these functional units are **often assigned temporarily to one or more product units or projects.** The product units of projects are usually temporary and act like divisions in that they are differentiated on a product-market basis.

The matrix structure is very useful when the external environment (especially its technological and market aspects) is very complex and changeable. It does, however, produce conflicts revolving around duties, authority and resource allocation.

**Conditions and purposes of the organization to adopt Matrix structure:**

The matrix structure is often found in an organization or within an SBU when the following three conditions exist:

- Ideas need to be cross-fertilized across projects or products
- Resources are scare and
- Ability to process information and to make decisions need to be improved.

- The purposes of a matrix structure are that project objectives are clear, there are many channels of communication workers can see the visible results of their work and shutting down a project is accomplished relatively easily.

**Question 10**

*(a) Explain the importance of strategic management in the light of changing business environment.* ***(5 Marks)***

*(b) Elucidate the key characteristic that separate six sigma from other quality programmes of the past.* ***(5 Marks)***

*OR*

*Write a brief note on 'Driving Forces' that affect an industry.* ***(5 Marks)***

**Answer**

**(a)** Strategic management refers to the managerial process of forming a strategic vision, setting objectives, crafting a strategy, implementing and executing the strategy, and then over times initiating whatever corrective adjustments in the vision, objectives, strategy, and execution are deemed appropriate.

The importance of Strategic management is as under:

- Strategic management helps organizations to be more proactive instead or reactive in shaping its future. Thereby, they are able to control their own destiny in a better manner. It helps them in working within vagaries of environment and shaping it, instead of getting carries away by its turbulence or uncertainties.
- Strategic management provides framework for all the major business decisions of an enterprise such as decisions on businesses, products, markets manufacturing facilities, investments and organizational structure. It provides better guidance to entire organization on the crucial point.
- Strategic management is concerned with ensuring a good future for the firm. It seeks to prepare the corporation to face the future and act as pathfinder to various business opportunities. Organizations are able to identify the available opportunities and identify ways and means as how to reach them.
- Strategic management serves as a corporate defense mechanism against mistakes and pitfalls. It helps organizations to avoid costly mistakes in product market choices or investments
- Over a period of time, strategic management helps organization to evolve certain core competencies and competitive advantages that assist in its fight for survival and growth.

**(b)** The three key characteristics that separate Six Sigma from other quality programs of the past are as follows:

- **Six Sigma is customer focused:** It's almost an obsession to keep external customer needs in plain sight, driving the improvement effort. (External customers are mostly those who buy business's products and services.)
- **Six Sigma projects produce major returns on investment.**
- **Six Sigma changes how management operates.** Six Sigma is much more than improvement projects. Senior executives and leader throughout a business are learning the tools and concept of Six Sigma. It is a new approach to thinking, planning, and executing to achieve results. In a lot of ways, Six Sigma is about putting into practice the notions of working smarter, not harder.

**OR**

The most dominant forces are called driving forces because they have the biggest influence on what kinds of changes will take place in the industry's structure and competitive environment. The most common driving forces are as follows:

- The internet and the new e-commerce opportunities and threats it breeds in the industry.
- Increasing globalization
- Changes in the long-term industry growth rate
- Product innovation
- Marketing innovations
- Entry or exit of major firms
- Diffusion of technical now-how across more companies and more countries
- Changes in cost and efficiency.